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Beijing's strategic encirclement of Australia

(2598 words)

No country has come close to China's long-term growth rate, which has averaged a remarkable 9.5% over the last 40 years. This sustained high level of economic growth has enabled a parallel expansion in defence spending. While NATO countries are struggling to hit 2% growth targets, China's defence budget increased by 7% in 2021. Rising military capability has encouraged national assertiveness, and a ratcheting up of military pressure against Taiwan. Several military airfields have been built close to Taiwan, facilitating a dramatic rise in military aircraft incursions into Taiwanese airspace. Observers interpret this growing military momentum as a prelude to actual combat, perhaps during the present decade, even within the next six years. For an invasion to be credible, naval dominance will be paramount, and this explains the push behind Beijing's remarkable shipbuilding programme.

China's shipbuilding numbers have always been impressive, dwarfing even the US efforts of World War II. In 2019, for instance, China built more ships in a year of peace than the US did in four of war (1941-1945). Reportedly across 2014-18, China launched more submarines, warships, amphibious vessels, and auxiliaries than the number of ships currently serving in the individual navies of Germany, India, Spain, and the United Kingdom. By 2025, the PLA(Navy) is predicted to comprise 400 battle force ships, compared to the planned US fleet of 355. This huge naval build-up coincides with China reinforcing its claims to the 3.3 million square-kilometre South China Sea. The attraction is twofold. Firstly, the area has abundant resources, such as hydrocarbons, oil, gas, and fisheries, and secondly, Beijing seeks to protect its trade routes for the essential imports sustaining rapid industrialisation. Accordingly, China is building artificial islands and military facilities in the Spratly and Paracel chains to respond to threats and exploit intelligence gathering, surveillance system surprise, and cyber warfare.

China's projection of maritime capability hints of 'strategic-reach' ambitions going beyond reunification of Taiwan and the militarisation of the South China Sea. More likely Beijing aims to become a regional Asia-Pacific hegemonic power via exploitation of both hard-power threats and soft-power inducements to reassert itself as a new 'Middle Kingdom'. The 'China Dream' aims to close the page on what it views as a century of humiliation and to ensure that into the future its periphery is secure through a ring of vassal states serving Beijing's eco-strategic interests. This is just a first step, however, with China's naval superiority acting to secure 'far seas protection' of its growing overseas assets. From the hard power perspective, the process began with the 2017 opening of Beijing's first overseas military facility in Djibouti on the shores of the troubled Red Sea and the building of a potentially military port at Gwadar, Pakistan, facing the Arabian Sea. Exercise of soft power, by contrast, is more focused on acquiring overseas economic assets and nurturing diplomatic influence. The process has been catalysed through the 2013 launching of Beijing's US$4tn Belt and Road Initiative (BRI).

The BRI targets the building of roads, railways, ports, and other eco-strategic infrastructure. Chinese state-owned companies now control about 76 ports in 35 countries - including Darwin. A 2020 Washington CSIS Think Tank Report identified 46 African ports where China

has financial, construction and operational involvement. This reincarnation of the Silk Road Economic Belt is written into China's Constitution and aims to touch 60% of the world's population through offering major investments financed through long-term loans. In Asia, for instance, China is pushing Thailand to agree construction of the 100km Kra canal, on the scale of Panama, linking the South China Sea with the Bay of Bengal, and thus bypassing the crowded Strait of Malacca. For the West, the Kra canal exemplifies the common danger of the BRI acting as a vehicle for Beijing's potential acquisition of overseas infrastructural assets, contributing to a broadening and deepening of China's strategic influence. Chinese asset acquisition invariably occurs through 'debt traps.' For instance, Sri Lanka's inability to repay a $6bn debt to China led to it taking a controlling 70% stake and a 99-year-lease in the Hambantota port, as a means of repaying the burden. Similarly, Beijing has built a new port at Kyaukpyu, Myanmar, and taken a 70% controlling stake after Myanmar defaulted on its repayments. China now has the potential for a naval base on the Indian Ocean side of the Malacca Strait chokepoint, projecting power across the Bay of Bengal. The recent loss of office by Maldives' former President Yameen, a close friend of Beijing, spotlights how this Indian Ocean territory can repay Chinese loans for a major airstrip and an ambitious China-Maldives Friendship Bridge. Significantly, the Maldives is also home to an abandoned British naval facility, ripe for Chinese redevelopment.

China's BRI transition from soft into hard power is aimed at weakening the West's traditional 'Three Island Chain' encirclement of China, encompassing what Beijing claims are around 250 US military installations ringing the Chinese mainland. Several of these are in Australia, representing the West's principal geo-strategic buttress to China's Grand Strategy of Pacific domination. If China encroaches into the Pacific, Canberra's traditional sphere of interest, the Continent will face the beginnings of a 'reverse' Chinese containment strategy. The process began years ago, with PLA delegations visiting 24 Pacific islands between 2006 and 2019, more than 60% involving PLA(Navy) ships. This emerging threat has begun to focus the minds of Canberra's policymakers, as the danger of conflict increases. Earlier in 2021, US Secretary of State, Antony Blinken, singled out China's "blatant economic coercion of Australia" as an example of the urgent threats that democratic nations around the world face from increasingly assertive authoritarian regimes. Using similar bellicose language, Mike Pezzullo, Australia's Home Affairs Department Secretary, warned that liberal democracies must brace themselves for war. Mr Pezzulo did not offer a specific reason for his remark, but tensions with China, particularly Taiwan, are almost certainly a factor. The *Global Times*, the Chinese Communist Party's journalistic mouthpiece, responded by threatening that China would launch "ballistic missiles" against Australia if it makes "any incursion" towards Taiwan.

The catastrophic decline in Sino-Australia relations has led to a 40% hike in Canberra's defence spending over the next decade, with an enormous US$200bn allocated to improving long-range strike capabilities. The US will assume the role a 'strategic partner' and likely support Australia's plan to build a sovereign guided weapons capability in a US$735mn project to address local supply chain vulnerability in the event of a regional conflict. Additionally, Prime Minister Morrison has announced a US$550mn upgrade of military training bases, which would be used in any conflict with China. The most important of them, Pine Gap, in central Australia acts as a geospatial operations and intelligence hub. On top of its role in America's global drone surveillance and targeting programmes, Pine Gap is also a vital piece of the US' nuclear warfighting apparatus, the capabilities and destructive capacity

of which have been dramatically expanded in recent years. Australia also plays host to a fully equipped US Marine Air-Ground Task Force stationed in Darwin. There are planned upgrades of shooting ranges and airstrips and new training facilities for both Australian troops and US marines. More than 2,000 US Marines have already travelled to Northern Australia to participate in annual joint training activities.

There are additional testy politico-economic dimensions to the souring of Canberra-Beijing relations. China is no longer supine in the face of international criticism and was irked by the Federal Government's 2020 call for an international inquiry into the origins of the coronavirus pandemic, its criticism of Beijing's ill-treatment of the Uighurs and its restrictions on democracy in Hong Kong. This then spiralled into a series of tit-for-tat spying accusations, including claims of Chinese interference on Australian university campuses and counterclaims that the universities were discriminating against Chinese students. However, behind the political rhetoric lies the economic leverage that China can exert. Trade disputes have proliferated, including Beijing's decision to halt or severely restrict Australian exports, such as coal, beef, wine, barley, timber, grapes, and seafood. By some measure, China is Australia's biggest trading partner, accounting for almost 33% of its exports. In particular, the mining of iron ore is hugely dependent on China's big internal demand for steel production. Thus, weaning itself off addiction to Chinese markets will not be painless, especially since Beijing is not averse to retaliatory economic pressure. Nevertheless, Canberra went ahead and blocked a Chinese commercial takeover in the state of Victoria, as part of China's global BRI programme and is additionally considering whether the Chinese-owned Landbridge Group should be forced to give up its 99-year lease of Port Darwin, on national security grounds.

Australia's closest neighbour, New Zealand, is also heavily dependent on Chinese demand, accounting for around 30% of its exports, but in contrast to Canberra's robust response to Chinese 'wolf' eco-diplomacy, Wellington's reaction has been muted. Indeed, there are signs that New Zealand is even willing to increase diplomatic cooperation with China. The Foreign Affairs Minister, Nanaia Mahuta, has stated that the government was 'uncomfortable' with Asia's Five Eyes Alliance expanding its remit beyond intelligence-sharing and New Zealand was also the only Five-Eyes' member not to sign a joint statement condemning Beijing's new security laws in Hong Kong.

Canberra, of course, recognises that the importance of such strategic partnerships extends beyond Australia, not least because its national security is necessarily dependent on regional security. It thus watches with growing alarm China's efforts to spread its influence into Australia's 'backyard', even extending to Antarctica. Here, Beijing has recently announced plans to build a large all-year-round airport 17 miles from its Zhongshan ice research station, located in East Antarctica within the 42% of the continent claimed by Australia. The project will compete with Canberra's plans to construct a 1.6-mile paved airstrip for its Davis research station, allowing access to RAAF C-17 aircraft. While both countries seek to justify their respective investments on research grounds, there is no doubt that the reported presence of sizable energy and mineral resources acts as a decisive pull factor.

While China's growing presence in Antarctica is of grave concern, the principal fear is that China's long-term plan is to establish a strategic foothold in the Pacific islands from which it

could threaten Australia. President Xi has already sought to engage numerous islands to participate in a Pacific maritime 'Silk Road'. As elsewhere, the first step will be to entice small Pacific Island states to take on unaffordable loans as part of China's debt trap strategy of acquiring strategically important maritime infrastructure. Beijing's loans do not come cheap, and Australia's Lowry Institute cautions that such indebtedness gives China significant leverage over Pacific nations to convert loans into equity in infrastructure. For example, witness Papua New Guinea's (PNG) experience in the telecommunications sector where Chinese firms continue to make large promises of new fibre optic connections, 4G towers, and data centres, even though PNG owes China's Exim Bank US$526mn on existing projects. The island government is now concerned about repayment and frustrated that many of China's investments have operationally failed. To thwart the intentions of state-controlled Chinese telco giant Huawei, Australia's Prime Minister Turnbull in early 2021 promised PNG that funding would be available for a new undersea internet cable. Yet the promises continue, with Beijing offering to build a US$30bn city, including a large port, on PNG's impoverished South Coast, less than 50 miles from Australian territory across the strategically important Torres Strait. Chinese investment in PNG has risen dramatically over recent years, especially in infrastructure projects. By 2017, China had reportedly invested more than US$3.6bn solely in building essential roads.

Elsewhere, in 2013, 64% of Tonga's foreign debt was owed to China, amounting to 43% of the Pacific island's annual GDP. Tonga has reportedly warmed to the idea of writing off this burden by allowing Beijing to establish a naval base on the island. Vanuatu is similarly indebted to Beijing, owing around $US1.7bn. In 2019, China was reportedly seeking a permanent military presence on the island. Lending weight to this report, Vanuatu's Chinese built $85mn Luganville wharf seems more suited to navy vessels than cruise ships. Vanuatu's location is particularly strategic as it lies within the sea lines of communication between the US and Australia. China also has advanced plans to build a US$100mn wharf in Samoa, close to the capital city Apia, but these were thwarted when Samoa's long-serving pro-China Prime Minister was ousted. The wharf would have been capable of berthing 12 large vessels, fuelling fears of a Chinese military Pacific base potentially bigger than any in Australasia. China's investments in Samoa are already sizable, representing more than 40% of its national debt, with China increasingly pressuring Samoa to repay its debts. While Fiji's indebtedness to China is only 10%, small compared to Tonga and Samoa, for years it has been the beneficiary of PLA military equipment donations. Fiji is pursuing a 'Look North' policy, and the ensuing warmer relations with China has encouraged the latter to invest US$1bn in around 300 investment projects, including the usual infrastructural targets of roads, dams, and bridges, as well as goldmining.

On the Eastern edge of Micronesia, Beijing is reportedly interested in refurbishing and expanding Kiribati's remote and rundown 6,000-foot WWII airstrip. Under the guise of economic development and climate change adaption, the airstrip's geostrategic significance is obvious, given sensitive US military installations in Hawaii located 1,800 miles across the Pacific. South of Kiribati lies New Caledonia, and it too is looking vulnerable to Chinese influence. If a recent referendum on breaking ties with France had been successful, New Caledonia would have inevitably invited interest from China, as the territory owns around 25% of the world's nickel reserves, presently generating about US$1.1bn of sales to China. New Caledonia's independence would have dealt a serious blow to Macron's vision

enunciated during his 2018 visit to the territory. He proposed a 'Paris-Delhi-Canberra axis, representing joint objectives to address Chinese challenges in the Indo-Pacific region. In a later Pacific visit in 2021, President Macron visited French Polynesia, and announced that France would support South Pacific nations in launching a local coastguard network to counter China's predatory paramilitary fishing vessels. Moreover, in discussions with Japan's Prime Minister, Yoshihide Suga, a joint statement was issued that the two nations would work more closely on defence for a 'free Pacific' to arrest China's expansionism.

While sparsely populated, the broad swathe of states in Oceania control immense marine resources and represent a potentially decisive bloc of votes in bodies, like the UN, that China has sought to influence to isolate Taiwan. Pressure can move both ways, however. Taipei has warned the Solomon Islands that its efforts to forge closer links with China will replace four decades of a stable diplomatic allegiance with "flashy infrastructure" sourced through destabilising debt and causing permanent damage to local ecosystems. Canberra has recently signed a Security Treaty with the Solomon Islands and has also fought off Chinese competition to sign a 2019 MoU for the redevelopment the Fijian Black Rock Military Training Centre in Suva. Similar security partnership understandings have also been negotiated with Tuvalu and Nauru, and Kiribati is in talks. Additionally, Australia has opened new Embassies in the Marshall Islands and French Polynesia. Such responses to China's funding of local infrastructure and dual-use projects are to be applauded. However, while Australian military and diplomatic agreements are important elements in the security mix, there is an important supplementary need to fill the socio-economic development policy vacuum by forging a framework of tangible investment support packages designed to 'win the hearts and minds' of the Pacific Island peoples.

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